

OLL 84-3558
18 September 1984

MEMORANDUM FOR: Director, Office of Personnel

VIA: Chief, Liaison Division/OLL

FROM:
Liaison Division/OLL

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SUBJECT: Legislative Agenda for 99th Congress:
Personnel Issues

1. On 14 September, I met with Tom DeYulia, Staff Director of the House Post Office and Civil Service Committee. This memorandum reports DeYulia's opinions and prognostications regarding what will happen next year. The Staff Director is in a position to be highly informed and he came across as being forthcoming during the meeting.

2. Personnel issues to be addressed in 1985
DeYulia stated that his Committee will not introduce legislation that will change or modify Federal employee health benefits; he said there may be legislation to make minor, mechanical or technical changes in how health benefits are distributed. He said that he would like to see legislation involving the Federal pay system, "because we really do not have a pay system." However, it is unlikely that a bill changing the Federal pay system will be introduced next year. The supplemental retirement system will dominate work by the Committee through CY 1985; the remainder of this memorandum reports DeYulia's views on how that will go.

3. Timing for House Legislation

--In November/December 1984, two studies requested by the Committee will be issued: Hay Associates will report on the various retirement packages used by state and municipal governments and in the private sector. This report, which

he is ready to believe over previously published surveys of non-Federal Government systems, will serve as a yardstick by which changes to the existing retirement system will be evaluated. The Congressional Research Service will report on optional models of retirement packages; the objective will be to show the range of possibilities rather than offer 3 or 4 options from which to choose. The models will be based on the pension plans and fringe benefits found in the private sector, state and municipal government and illustrate the building blocks that comprise many of these systems. Both reports will be made available to the public.

--In February/March 1985, Chairman Ford will introduce a bill for a Supplemental Retirement System for Federal employees hired after 31 December 1983.

--In April/May 1985, the full Committee will hold hearings on this legislation, and "we will see where we go from there."

4. Characteristics of the House Supplemental Retirement Package

DeYulia emphasized that a lot of work would have to be done and that many questions remained unanswerable. He stated with confidence, however, that the House version would consist of three elements:

- a. Social Security would be the first, base level;
- b. A second level would consist of a defined benefit plan to be funded by the Federal government and based on a formula involving years of service and age;
- c. The third level would be a capital accumulation plan (or thrift plan) whereby employees can elect to invest up to a given percentage of their salary, on a tax-deferred compounded bases, in their credit union, savings bonds, or whatever. The government would match contributions up to a given percentage.

In terms of age, DeYulia referred to the Social Security system in which the benefits are triggered by age 62. He stated that the new system would likely coincide, with a

formula enabling employees to retire prior to age 62 with a reduction in benefits. He states Chairman Ford would definitely want a lower age for special occupation groups, such as law enforcement officers and firemen.

5. Changes to Current Civil Service System

DeYulia stated that the House Committee will not introduce any legislation that would change the existing Civil Service system. He said that employees would be able to elect the new system on a voluntary bases and that the closer employees are to the Civil Service retirement age of 55, the less likely they would be to switching. He expects that the Administration will try to have introduced legislation that would make current Civil Service employees work more years for fewer benefits. De Yulia does not know who the Administration would try to get to introduce this kind of legislation.

6. DeYulia's Strategy Advice for the CIA

With conviction, Mr. DeYulia offered the following advice:

--After the November election, Agency senior managers should begin to make the case for CIARDS with the White House, Office of Management and Budget, and the Office of Personnel Management. DeYulia assumes that no key players will change after November and that the Agency needs the support of Donald Devine, David Stockman, and Reagan's key domestic policy advisors (unnamed).

--The Agency should make no attempt to include all CIA employees in CIARDS because the effort would not be successful and serve to do more harm than good. DeYulia stated that the Committee would do whatever it could to block the effort because "it" does not believe that it would be justified to have a separate retirement system for all CIA employees, and "does not want the Director of Central Intelligence to have that kind of control over all CIA employees."

7. Will Congress Enact a Supplemental Retirement Package in CY 1985?

DeYulia will not of course, answer this question directly, but I think he would place his bet on "NO."

DeYulia speaks with the optimism of one who wants to be a part of designing a good, exciting and creative retirement package that will benefit Federal employees. However, he talked about three problem areas that will be difficult to handle. One is the "overwhelming technical complexity" of the subject. A second is responding to the needs of different interest groups. He cited blue collar postal employees who want the long-career advantages of the current civil service system; highly-paid managers who want the tax breaks of a capital accumulation plan; the young female secretarial/clerical group who wants short-term protection and portability; and the retiring group who wants a fully indexed cost of living allowance. He stated that Committee members would be swayed in different ways by these interest groups. He specifically named the three Congresswomen (Mary Rose Oaker (D., OH), Patricia Schroeder (D., CO) and Katie Hall (D., IN) who chair subcommittees of the Committee as members who would be influential in their intent on overcoming inequities in the existing system.

DeYulia spoke emotionally of the third problem: the Administration. He stated that if the Administration was willing to be reasonable and to negotiate, then legislation could move next year. If, on the other hand, "the Administration continues to push cost-cutting and anti-Federal employee measures as it has done for three years," then the Committee would not try to move the legislation. DeYulia stated that in this event, the Committee would not opt to extend the current temporary situation. Rather, it would move to have employees pay into both Social Security and Civil Service. "As painful as that would be, it is better than getting a system that hurts employees in the long term and causes a tremendous problem in employee retention...and that is our bargaining point." DeYulia does not expect good faith negotiating by the Administration. He is not ready to talk about how the 99th Congress will deal with this because he thinks there might be some important shifts out of the Congressional seats up for reelection.

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